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Assessment of the implementation of the System of National Accounts 1993

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-first session.[1] Section I provides the background information on the proposal of the Intersecretariat Working Group on National Accounts (ISWGNA) for a better and more comprehensive assessment of the implementation of the System of National Accounts, 1993 (1993 SNA). Section II describes the implications of the introduction of the new United Nations national accounts questionnaire on the assessment of the scope of the accounts based on the United Nations national accounts database. Section III presents the results of the first assessment of the "minimum requirement data set" as the measurement for a country's scope of 1993 SNA implementation. In addition, the measurement of the minimum requirement data set is compared with the previous milestone assessment. Section IV concludes the report with points for discussion.

[1] *Official Records of the Economic and Social Council, 2000, Supplement No. 4* (E/2000/24), chap. II.A.

* E/CN.3/2001/1.

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I. Background information

1. At its thirty-first session, the Statistical Commission recognized that, although the six milestones assessment had provided useful information regarding the implementation of the System of National Accounts, 1993 (1993 SNA),[1] it evaluated only one dimension of implementation, that is to say, the number of accounts compiled.[2] Other important aspects of implementation such as timeliness, reliability, conceptual adherence and so forth also needed to be taken into account in the assessment. The Commission also questioned whether the six milestones were suitable for all countries, since a smaller set of tables could be considered a full implementation of the SNA for those countries with less complex economies.

2. In view of this, the Statistical Commission requested the Intersecretariat Working Group on National Accounts (ISWGNA) to study the feasibility of incorporating conceptual and quality issues in the assessment and also to try to determine whether a core set of accounts might be defined as a benchmark before a country could claim to have implemented the 1993 SNA. The results of the ISWGNA findings and proposals for a better and more comprehensive assessment of the implementation of the 1993 SNA are described in detail in the report of the Task Force on National Accounts (E/CN.3/2001/7, annex).

3. The first purpose of the present report is to explain the general implications and present limitation of assessing 1993 SNA implementation using the new United Nations national accounts database based on the new United Nations national accounts questionnaire. The second purpose is to present the results of a first assessment of how many Member States have implemented the "minimum requirement data set" in order to allow an evaluation of the new "scope of the accounts questionnaire" proposed by ISWGNA (see E/CN.3/2001/7, annex, table 1).

II. Assessment of System of National Accounts, 1993 (1993 SNA) implementation based on the new United Nations national accounts questionnaire and database

A. Introduction of the new United Nations national accounts questionnaire in 1999

4. As agreed by the Statistical Commission, the new annual United Nations national accounts questionnaire (NAQ) based on the 1993 SNA was implemented for the first time in October 1999. In order to create a new database based on the new questionnaire, the United Nations Statistics Division made a one-time conversion of data from the 1968 SNA[3] format to the 1993 SNA format for all countries included in the United Nations Statistics Division national accounts database. It should be noted that the new NAQ does not cover the full scope of the accounts and tables that make up the 1993 SNA since it is mainly geared to collecting data needed for global and regional analysis rather than for national analysis. Also, it is in certain respects less comprehensive than the previous questionnaire based on the 1968 SNA since, for example, it does not include tables for the other changes in assets accounts and the balance sheets of the total economy and institutional sectors; the data requested on stocks of fixed assets is very limited; the tables requested broken down by kind of economic activity are less detailed, showing mainly the one-digit level of the International Standard Industrial Classification of All Economic Activities (ISIC)[4] instead of the two-digit level of ISIC and so forth. It has to be pointed out that the data collected by the new NAQ is in the format of the 1993 SNA but the concepts to which countries still adhere in compiling their data may be those of the 1968 or even the 1953 SNA.[5] In order to evaluate the status of the conceptual adherence to the 1993 SNA of countries, as indicated in the report of the Task Force on National Accounts (E/CN.3/2001/7, annex), the United Nations Statistics Division added to the annual NAQ sent to countries in October 2000, a conceptual table including the new proposed "compliance with 1993 SNA concepts questionnaire".

B. General implications of the use of the new questionnaire

5. The above considerations have the following general implications for assessing the 1993 SNA implementation of Member States based on the new United Nations national accounts questionnaire and database:

(a) With regard to the six milestones, the implementation of only five of the six milestones can be measured since the new NAQ does not include tables for the other changes in assets accounts and balance sheets that constitute milestone 6;

(b) The new assessment of the three data sets (minimum requirement, recommended, and desirable) included in the proposed new "scope of the accounts questionnaire" can be carried out only for the implementation of the minimum requirement data set and "recommended data set" (with the exception of the supply and use table which is not included in the new NAQ). The implementation of the "desirable data set" cannot be assessed since not all the 1993 SNA accounts and tables are part of the new NAQ;

(c) The assessment of the compliance with the 1993 SNA concepts will be possible by analysing the replies to the conceptual table added this year to the NAQ;

(d) The assessment of the scope of national accounts implementation is distinct from that of the conceptual adherence to the 1993 SNA. Paragraph 5 (a) and 5 (b) reflect the scope of national accounts compilation regardless of whether the countries have implemented the 1993 SNA or not.

C. Current limitation

6. The new United Nations national accounts database is currently in a build-up phase in the sense that countries, in general, have just started to familiarize themselves with the new NAQ; therefore, many of them are implementing and reporting data for some tables only. Several countries have also deliberately decided on a phased implementation of the 1993 SNA. In particular, member countries of the European Union (EU) and the Organisation for Economic Cooperation and Development (OECD) have agreed on a phased implementation of the ESA95/SNA93 questionnaire tables whereby a five-year period (from 1999 to 2003) has been allotted to gradually transmit all tables (ESA95 is the EU version of the 1993 SNA). Consequently, any assessment based on the new national accounts database during this transition period is likely to underestimate the actual extent of 1993 SNA implementation by Member States. Currently, and for the coming years, the practical assessment of the three data sets would be limited to the minimum requirement data set and the milestone assessment would be limited to milestone level 2.

III. First application and evaluation of the "minimum requirement data set"

7. In view of the above, and in order to give some kind of preliminary indication to the Statistical Commission of how many countries qualify as having implemented the minimum requirement data set and their distribution in the different regions of the world, a summary assessment table is presented below. This analysis was carried out based on the old 1968 SNA national accounts database and for the years 1993-1998 in order to allow a comparison with the assessment of the six milestones as presented to the Commission in 2000 in a report of the Secretary-General (E/CN.3/2000/3).

Summary table on the availability of the tables of the "minimum requirement data set" and milestone levels 1 and 2, 1993-1998

	Tables of the minimum requirement data set								Six or more tables	Seven tables	Milestone level		
	Total	1.1	1.2	2.1	2.2	2.3	4.1.1.3	4.2			Total	1 or higher	2 or higher
	1	2	3	4	5	6	7	8	9	10	11	12	13
Number of countries													
World	189	122	94	120	114	43	74	56	44	24	189	122	84
Africa	53	22	14	20	20	2	7	7	4	1	53	21	11
Northern America	2	2	2	2	2	2	2	2	2	2	2	2	2
Caribbean, Latin America	33	24	19	23	25	6	12	8	4	3	33	25	15
Western Asia	15	13	9	14	12	5	8	6	5	2	15	13	8
Eastern, South-East and Southern Asia	23	18	14	18	19	6	12	6	7	3	23	18	13
Western Europe	22	18	18	18	14	15	18	14	14	11	22	18	18
Eastern Europe	12	10	7	11	8	4	3	3	1	0	12	10	4
Former USSR[a]	15	12	9	12	11	1	9	7	5	0	15	12	10
Oceania	14	3	2	2	3	2	3	3	2	2	14	3	3

[a] Union of Soviet Socialist Republics.

8. The minimum requirement data set consists of seven tables of the new NAQ as shown in the summary table (for details on the tables of the minimum requirement data set, see E/CN.3/2001/7, annex, table 1). The analysis shows that certain tables are available for only a limited number of countries. For example, only 43 out of 189 countries (23 per cent) (column 6) have data for table 2.3 and only 56 countries (30 per cent) (column 8) have data for table 4.2. Only 24 countries (13 per cent) (column 10) have all tables of the minimum requirement data set.

9. The minimum requirement data set for annual compilation essentially groups together all the accounts recommended in milestones 1 and 2 plus table 2.3 which contains the components of value added and employment by industry. Therefore, the number of countries having the tables of the minimum requirement data set should be similar to the number of countries reaching milestone 2 or higher. A total of 84 countries (44 per cent) (column 13) have reached milestone 2 or higher, yet only 24 countries (13 per cent) (column 10) have all seven tables of the minimum requirement data set. Evidently, it is more difficult to have all seven tables of the minimum requirement data set than to achieve milestone level 2. Even if having only six tables were required for achieving the minimum requirement data set, only 44 countries would qualify (23 per cent) (column 9).

10. Far fewer countries comply with the minimum requirement data set than with milestone level 2, while both measurements are very similar. One reason is that the minimum requirement data set includes table 2.3. Another reason for this difference is the way the milestone levels are measured. In order for a country to reach milestone level 2, it is not necessary for it to have both current and constant price data for gross domestic product (GDP) by type of expenditure and GDP by kind of activity. In addition, the measurement of the milestone levels is flexible with respect to which table provides the data on external transaction.[6]

11. The technical details of this analysis are provided in the annex. It should be noted that the examination of the minimum requirement data set has been conducted for the first time, for the purpose of testing the concept and its measurement. The analysis is intended to provide the Statistical Commission with helpful information in these respects.

IV. Points for discussion

12. The Statistical Commission is requested to express its views on the following:

> Given that the current United Nations Statistics Division global national accounts database allows an assessment of only the minimum requirement data set and given that the assessment of the recommended data set can be carried out only after 2003, is the Commission satisfied with the assessment of only the minimum requirement data set for now and the assessment of both the minimum requirement data set and the recommended data set after 2003?

Notes

[1] Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations and World Bank, *System of National Accounts, 1993* (United Nations publication, Sales No. E.94.XVII.4).

[2] See *Official Records of the Economic and Social Council, 2000, Supplement No. 4* (E/2000/24), chap. II, sect. A, para. 4.

[3] *A System of National Accounts*, Studies in Methods, No. 2, Rev.3 (United Nations publication, Sales No. E.69.XVII.3).

[4] Statistical Papers, No. 4, Rev.3 (United Nations publication, Sales No. E.90.XVII.11).

[5] *A System of National Accounts and Supporting Tables*, Studies in Methods, No. 2 (United Nations publication, Sales No. E.52.XVII.4).

[6] For the details regarding the measurement of the six milestone levels, see the background document entitled "Milestone assessment of member States", presented to the Statistical Commission at its twenty-ninth session under agenda item 9 entitled "National accounts".

Annex

Technical notes

1. The assessment of milestone levels and the "minimum requirement data set" is based on the availability of certain tables of the new annual United Nations national accounts questionnaire (NAQ). According to the method that was used to produce the results in the summary table above, for every table a set of critical or most important items was determined and at least 50 per cent of these values had to exist in order for a table to be considered available. As in the previous milestone assessments, a country was considered to have implemented a specific table provided it had reported data for this table at least once during the pre-defined time frame (1993-1998). The comparison of the results for milestones 1 and 2 in the summary table with the results of last year's milestone assessment (see E/CN.3/2000/3) shows only small differences.

2. For the examination of the minimum requirement data set, table 4.1 (accounts for the total economy) was replaced with table 1.3 (relations among product, income, savings and net lending aggregates). (Although both tables contain partly the same information, table 1.3 is more widely available.) The availability of table 2.3 on value-added components by industry was determined by examining the data for the total economy and two industries (agriculture and manufacturing).